August 10, 2026

Consolidated Financial Results for the Six Months Ended June 30, 2026 (Under Japanese GAAP)

Company name: ibis inc.
Listing: Tokyo Stock Exchange
Securities code: 9343
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors, securities analysts, and individual investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	3,008	26.5	636	11.1	653	14.3	456	19.6
June 30, 2025	2,378	-	573	-	571	-	381	-

Note: Comprehensive income For the six months ended June 30, 2026: ¥ 456 million [19.6%]
For the six months ended June 30, 2025: ¥ 381 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2026	24.76	23.62
June 30, 2025	20.86	19.84

(Notes) 1. As interim consolidated financial statements have been prepared from the six months ended June 30, 2025, the year-on-year change for the six months ended June 30, 2025 is not presented.
2. In the fiscal year ended December 31, 2025, the provisional accounting treatment related to a business combination was finalized, and the figures for the six months ended June 30, 2025 reflect the finalized accounting treatment.
3. The Company implemented a five-for-one stock split of its common shares effective October 1, 2025. Basic earnings per share and diluted earnings per share presented are calculated assuming that the stock split was implemented at the beginning of the fiscal year ended December 31, 2025.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	4,620	3,168	67.6
December 31, 2025	4,187	2,899	67.8

Reference: Equity
As of June 30, 2026: ¥ 3,123 million
As of December 31, 2025: ¥ 2,838 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	-	0.00	-	10.00	10.00
Fiscal year ending December 31, 2026	-				
Fiscal year ending December 31, 2026 (Forecast)		0.00	-	12.00	12.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,454	9.0	1,355	12.8	1,362	12.1	940	10.8	51.00

Note: Revisions to the financial result forecast most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the interim period: Yes

Newly included: - companies( )

Excluded: 1 company (Zeroichi Start Co., Ltd.)

(Note) Zeroichi Start Co., Ltd. was excluded from the scope of consolidation because it was dissolved through an absorption-type merger with the Company as the surviving company, effective April 1, 2026.

(2) Adoption of accounting treatment specific to the preparation of interim consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2026	18,465,530 shares
As of December 31, 2025	18,416,095 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2026	330 shares
As of December 31, 2025	330 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2026	18,438,687 shares
Six months ended June 30, 2025	18,299,890 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The financial results forecast and other forward-looking statements in this document are based on information available to ibis inc. (the

“Company”) as of the date of this document and certain assumptions it considers reasonable. The Company does not promise that these will be achieved. Actual results may differ significantly from these forecasts due to various factors. Please refer to page 7 of the attached document “1. Qualitative Information on Interim Financial Results (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Information” for the conditions that serve as the basis for the performance forecast and notes regarding the use of the performance forecast.

*Table of Contents of Attachments

1. Qualitative Information on Interim Financial Results

(1) Overview of Operating Results

During the first half of the current fiscal year, the Japanese economy continued a gradual recovery, supported by wage increases and improvements in the employment environment. On the other hand, some caution was observed in personal consumption due to the effects of rising prices and exchange rate fluctuations. In addition, the outlook remains uncertain, reflecting geopolitical risks such as rising interest rates, U.S. trade policy, the stagnation of the Chinese economy, and the prolonged situation in Russia-Ukraine and tensions in the Middle East.

Under these circumstances, the Group promoted its business operations across three segments—“Mobile,” “Solutions,” and “AI Singing Voice Synthesis”—leveraging its strengths in advanced technological capabilities, swift decision-making, and improved operational efficiency through the use of AI. By combining its proprietary product business with a global user base, its solutions business with stable domestic demand, and expansion into new areas utilizing AI technologies, the Group aims to achieve sustainable growth.

In the “Mobile” segment, the Group continued the development and operation of the “ibisPaint” series, a mobile painting app used in over 200 countries and regions worldwide, with 40 million monthly active users (MAU) and cumulative downloads exceeding 550 million. Reflecting its user base—approximately 90% overseas and primarily under the age of 25—the Group continued to enhance AI-powered drawing support features and improve the user interface to enrich the creative experience. In addition, the efforts were made to strengthen the revenue model, including promoting subscription conversions, expanding to multi-device usage including a PC version, and enhancing features for professional users.

In the “Solutions” segment, the Group provided web application development for internet-enabled devices and cloud implementation support to domestic corporate clients, addressing growing demand for digital transformation (DX). The Group continued to recruit and develop highly skilled IT engineers, while also working to improve development efficiency through the use of AI-driven development technologies. In addition, the Group absorbed Zeroichi Start Inc., which had become a wholly owned subsidiary in November 2025, through an absorption-type merger effective April 1, 2026, thereby strengthening its development structure and expanding its business foundation in the domestic market. Through these initiatives, the Group aims to establish a stable and highly reproducible SI (system integration) business model.

In the “AI Singing Voice Synthesis” segment, the Group expanded its business centered on the AI singing voice synthesis application “VoiSona,” leveraging world-class technology from Techno-Speech, Inc., a venture originating from Nagoya Institute of Technology. Efforts included expanding voice libraries featuring well-known Japanese and international artists, extending into the mobile domain, and establishing an app-based monetization model to provide a new AI-driven music creation experience leveraging AI technologies. As the creator base continues to grow, the Group is also building a foundation to support next-generation creative activities.

As a result, for the first half of the current fiscal year, the Group recorded net sales of 3,008,875 thousand yen (up 26.5% year on year), operating profit of 636,960 thousand yen (up 11.1%), ordinary profit of 653,174 thousand yen (up 14.3%), and interim profit attributable to owners of parent of 456,491 thousand yen (up 19.6%), continuing net sales growth exceeding 20% and achieving double-digit growth across all profit items. It should be noted that Techno-Speech, Inc. began to be consolidated from the second quarter of the previous interim consolidated accounting period, and Zeroichi Start Inc. began to be consolidated from the first quarter consolidated cumulative period of the current fiscal year, and the contribution of both also resulted in the increase in both net sales and profit.

The performance by business segment is as follow:

< Mobile Segment >

During the first half of the current fiscal year, the mobile painting app "ibisPaint," the Group's flagship product, continued to expand its global user base. The app surpassed 500 million cumulative downloads on September 10, 2025, and reached 554.38 million downloads as of the end of June 2026 (up 14.0% year on year). The app is used in over 200 countries and regions worldwide, and its large user base of 40 million MAUs continues to support the growth of the Group's mobile business.

The app has been continuously improved, with multiple updates released from Ver. 13.1.18 to Ver. 14.0.4, and the Group held a seasonal/trend-themed material contest (the 49th) as part of its efforts to encourage user creative activity. In the major update "Ver. 14.0.0" released on March 31, 2026, the Group added features supporting workflows close to those used in printing, publishing, and professional production, including CMYK output and two-tone monochrome output. In addition, the Group released a number of new features that significantly enhance the creative environment, including "Brush Categories," which allow users to intuitively select brushes organized by category, and "Color Palette Grouping," which enables management of multiple color palettes per artwork or purpose. Some of these features are available only to premium members, contributing to an increase in the number of subscription contracts. In addition, the Group accelerated its use of coding AI in development, significantly advancing the development of new features including the usage-based billing model "Smart Credit" scheduled for introduction in 2026, and strengthened promotional content, including the distribution of new-feature introduction videos via its official YouTube channel, thereby promoting continued user engagement.

Furthermore, in addition to existing subscription promotion measures, a new advertising investment model introduced in late December 2025 to increase ibisPaint subscription contracts also proved effective. As a result, the net increase in subscription contracts for the app during the current interim consolidated accounting period reached 86,895, significantly exceeding the net increase of 71,736 recorded in the previous interim consolidated accounting period.

In addition, the Group is expanding the application of its technologies beyond the creative domain through its corporate AI cloud service "ibisWorks." Its core product, the AI meeting minutes service "ibisScribe", was selected and recognized in the "Meeting Minutes AI Category" at "AI PRODUCTS NEXT AI TREND 2026" held on February 4, 2026, demonstrating that the Group's advanced AI technologies have received external recognition.

As a result, sales in the Mobile segment increased 21.9% year on year to 1,661,510 thousand yen. Sales by geographic area (Japan and overseas) are as follows:

		Previous interim consolidated cumulative period (January 1, 2025–June 30, 2025)		Current interim consolidated cumulative period (January 1, 2026–June 30, 2026)		
		Amount (thousand yen)	Composition (%)	Amount (thousand yen)	Composition(%)	Year-on-year change (%)
Subscription Billing	Domestic Sales	149,492	28.7	200,140	22.9	33.9
	Overseas Sales	371,744	71.3	674,398	77.1	81.4
	Total	521,237	100.0	874,538	100.0	67.8
One-time Purchase App	Domestic Sales	32,093	24.9	29,917	20.4	(6.8)
	Overseas Sales	96,969	75.1	116,802	79.6	20.5
	Total	129,063	100.0	146,720	100.0	13.7
In-app Advertising	Domestic Sales	156,425	22.1	112,772	18.3	(27.9)
	Overseas Sales	552,838	77.9	503,809	81.7	(8.9)
	Total	709,263	100.0	616,581	100.0	(13.1)
Total (including others)	Domestic Sales	340,359	25.0	348,923	21.0	2.5
	Overseas Sales	1,022,096	75.0	1,312,587	79.0	28.4
	Total	1,362,456	100.0	1,661,510	100.0	21.9

By sales category, the following trends were observed:

・Subscription Billing

Driven by the new advertising investment model and subscription promotion measures for “ibisPaint,” sales increased significantly to 874,538 thousand yen (up 67.8% year on year). Domestic sales rose 33.9% year on year, and overseas sales in particular showed strong growth of 81.4%. As a result, the number of subscription contracts reached 484,535 (up 59.5% year on year), making clear that subscription billing has become the core of the Group’s revenue.

・One-time Purchase App

Although the shift toward subscription billing continued, the Group accurately captured the needs of certain users who are resistant to subscriptions, and sales amounted to 146,720 thousand yen (up 13.7% year on year). While domestic sales decreased year on year, overseas sales grew steadily, resulting in an overall increase in sales for one-time purchase apps.

・In-app Advertising

Usage among free users remained steady, and DAU (daily active users) remained at a high level. However, eCPM (advertising unit price) declined due to fluctuations in the advertising market and adjustments to the delivery algorithm, and sales amounted to 616,581 thousand yen (down 13.1% year on year). Although overseas sales declined only slightly year on year, a larger decline in domestic sales resulted in an overall decrease in sales for in-app advertising.

Having continued effective advertising investment since shifting to organic growth from the fiscal year ended December 2024, segment profit amounted to 806,429 thousand yen (up 13.1% year on year). As planned, subscription billing sales exceeded in-app advertising sales from the first quarter consolidated cumulative period of the current fiscal year, and the revenue structure has evolved into a more stable form.

< Solutions Segment >

During the first half of the current fiscal year, the environment surrounding corporate web application development entered a major transition period, driven by the rapid spread of generative AI. Amid these circumstances, the Group strengthened its efforts to acquire contract development projects through direct transactions with end-user companies, while also considering new sales approaches. In addition, backed by improved productivity through AI-driven development, the Group worked to strengthen its capacity to handle higher value-added projects.

In the contract development business, the Group worked to improve its capacity to handle upstream processes and high value-added projects, while advancing appropriate staffing according to the skill levels of IT engineers and improving the development structure. As a result, this contributed to improvements in project unit prices and profitability. In addition, the Group continues to leverage AI to enhance its business operations, improving operational efficiency while upskilling IT engineers through in-house study sessions and e-learning programs. This has established a structure capable of advancing multiple projects in parallel, contributing to improved productivity. The Group is also working to further improve development speed through the use of AI-driven development, seeking to achieve both reduced development man-hours and quality assurance. Going forward, in order to secure projects commensurate with the improvement in development productivity, the Group will position the strengthening of its sales structure as one of its top priorities and proceed with active recruitment and the diversification of sales methods.

In the IT engineer dispatch business, stable acceptance by multiple corporate clients continued throughout the current interim consolidated accounting period. The use of AI by IT engineers has also progressed smoothly, and as development resources have stabilized, the strengthening of on-site structures and profitability has further advanced.

Furthermore, the Group absorbed its wholly owned subsidiary Zeroichi Start Inc. through a merger effective April 1, 2026. While incorporating the subsidiary’s business consulting expertise and SEO know-how, the Group rapidly advanced the development of its AI-driven development structure. By further accumulating operational know-how in AI-driven development through actual projects and continuing to improve development precision, the Group will accelerate its transition toward its goal of a “next-generation SIer-type business model” and continue to build a business foundation with higher reproducibility and profitability.

As a result, sales in the Solutions segment amounted to 1,281,871 thousand yen (up 29.9% year on year). The results of Zeroichi Start Inc. have been included in the consolidated accounts from the first quarter consolidated cumulative period of the current fiscal year. By sales category, the results were as follows:

・Contract Development

Sales amounted to 553,848 thousand yen (up 130.3% year on year). Along with advancing the structure to handle upstream processes and high value-added projects, the strengthening of development capabilities focused on web application development proved effective, resulting in record-high first-half sales. Improved productivity through the use of AI tools also contributed, and contract development strongly drove the growth of this segment. The Group will continue to build a structure that leads to strengthened project handling capability and revenue base going forward.

・IT Engineer Dispatch

Sales amounted to 724,763 thousand yen (down 2.9% year on year). Although sales declined slightly due to the promotion of measures to increase the proportion of contract development, stable acceptance by multiple corporate clients continued.

Goodwill amortization amounted to 23,281 thousand yen, with an amortization period of seven years (this goodwill was recognized in connection with the M&A of Zeroichi Start Inc., and represents a provisional amount prior to purchase price allocation (PPA) as of the current period. The allocation to intangible assets and the amortization schedule will be finalized upon completion of the PPA process and will be disclosed appropriately at that time). As a result, segment profit amounted to 168,906 thousand yen (up 20.3% year on year).

<AI Singing Voice Synthesis Segment >
During the first half of the current fiscal year, Techno-Speech, Inc. promoted business activities using AI voice synthesis and AI singing voice synthesis technologies, focusing on its VoiSona business for BtoC and contract development business for BtoB. The AI singing voice synthesis market continues to expand both in Japan and overseas, driven by the growing creator population and the expansion of video platforms. The Group is expanding its business by leveraging its technological capabilities and development speed.

In the VoiSona business, the Group newly released “Nurse Robo_Type T” (talk), “Futabako Minato” (song), “Ichika” (song), “ray” (song/talk), and “Hitsuji Mio” (song). In particular, “ray” is a product using the voices of multiple students from Tokyo School of Music & Dance and character illustrations, and industry-academia collaboration progressed, including the introduction of VoiSona at all eight of the school’s campuses. In addition, the Group made “Chis-A,” a cross-lingual singing voice previously offered for a fee, available free of charge, aiming to expand its overseas user base. Furthermore, with the aim of improving user experience, the Group made continuous functional improvements, including greater application processing efficiency and reduced memory usage, the addition of a “support for six display language” to the PC version of the song application, the introduction of a “10-second trial function” and a “start screen with samples” to the iOS version, and the consolidation of the song editor’s source code (into a single source) to improve development efficiency. Through these improvements, the Group created an environment that is easier to use for users both in Japan and overseas, thereby strengthening the foundation of the VoiSona business.

In the contract development business, development projects carried over from the previous fiscal year were completed, while licensing to various software, services, games, and other products continued, generating revenue. The Group also advanced research and development to improve the accuracy of singing voice synthesis, strengthening its technological foundation for future improvements in product competitiveness. Both businesses continued to strengthen sales promotion activities aimed at acquiring new customers, continuing their efforts toward business expansion.

As a result, sales in the AI Singing Voice Synthesis segment amounted to 65,493 thousand yen. By sales category, the results were as follows:

・VoiSona (BtoC)
Sales amounted to 51,159 thousand yen. The release of new libraries, pre-order sales, and application feature improvements contributed to expanding the user base and strengthening the revenue foundation.

・Contract Development (BtoB)
Sales amounted to 14,334 thousand yen. Although sales decreased somewhat due to the completion of projects carried over from the previous period, stable revenue was maintained through licensing, and research and development continued.

Amortization of technology-related assets and goodwill amounted to 30,221 thousand yen, resulting in a segment loss of 39,291 thousand yen.
Year on year comparisons are not provided as the Group did not include the profit and loss of Techno-Speech, Inc. in the consolidated results for the same period of the previous fiscal year.

(2) Overview of Financial Position

(Assets)

Total assets at the end of the current interim consolidated accounting period amounted to 4,620,619 thousand yen (up 10.3% from the end of the previous term). This was mainly due to cash and deposits of 2,461,600 thousand yen (up 18.2% from the end of the previous term), accounts receivable and contract assets of 650,656 thousand yen (up 2.9% from the end of the previous term).

(Liabilities)

Total liabilities at the end of the current interim consolidated accounting period amounted to 1,452,380 thousand yen (up 12.7% from the end of the previous term). This was mainly due to income taxes payable of 247,511 thousand yen (up 7.0% from the end of the previous term), provision for bonuses of 138,948 thousand yen (up 7.0% from the end of the previous term).

(Net assets)

Total net assets at the end of the current interim consolidated accounting period amounted to 3,168,239 thousand yen (up 9.3% from the end of the previous term). The main components were retained earnings of 2,291,245 thousand yen (up 13.5% from the end of the previous term) and capital of 417,340 thousand yen (up 1.5% from the end of the previous term).

(3) Overview of Cash Flows

Cash and cash equivalents (hereafter "cash") at the end of the first half year ended June 2026 were 2,461,600 thousand yen (up 378,412 thousand yen from the end of the previous term). The status of each type of cash flow at the first half of the current fiscal year ended June 2026 and the underlying factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the first half of the current fiscal year was 742,847 thousand yen. This was mainly due to profit before income taxes of 675,114 thousand yen and income taxes payment of 217,685 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities during the first half of the current fiscal year was 144,086 thousand yen. This was mainly due to purchase of tangible assets of 22,725 thousand yen and purchase of intangible assets of 98,474 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities during he first half of the current fiscal year was 226,095 thousand yen. This was mainly due to repayment of long-term borrowings of 54,422 thousand yen and dividends paid of 184,028 thousand yen.

(4) Consolidated Earnings Forecast and Caution on Forward-Looking Information

The consolidated earnings forecast for the fiscal year ending December 31, 2026 remains unchanged from that announced on February 10, 2026 in the "Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (Under Japanese GAAP)".

2. Interim Consolidated Financial Statements and Primary Notes

(1) Interim Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	2,083,187	2,461,600
Accounts receivable - trade, and contract assets	632,427	650,656
Merchandise and finished goods	1,890	1,494
Supplies	152	195
Allowance for doubtful accounts	(1,960)	(1,938)
Other	130,537	138,766
Total current assets	2,846,236	3,250,774
Non-current assets		
Property, plant and equipment	22,328	41,967
Intangible assets		
Software	227,022	258,565
Goodwill	616,431	569,911
Technology related assets	185,031	178,049
Other	1,050	960
Total intangible assets	1,029,535	1,007,486
Investments and other assets	289,577	320,391
Total non-current assets	1,341,442	1,369,844
Total assets	4,187,678	4,620,619
Liabilities		
Current liabilities		
Accounts payable	14,105	5,214
Current portion of long-term borrowings	25,392	14,800
Income taxes payable	231,340	247,511
Provision for bonuses	129,855	138,948
Other	713,400	914,868
Total current liabilities	1,114,093	1,321,342
Non-current liabilities		
Long-term borrowings	43,830	-
Provision for retirement benefits for directors	60,136	63,296
Other	70,300	67,741
Total non-current liabilities	174,266	131,037
Total liabilities	1,288,359	1,452,380
Net assets		
Shareholders' equity		
Share capital	411,163	417,340
Capital surplus	408,764	414,942
Retained earnings	2,018,912	2,291,245
Treasury shares	(275)	(275)
Total shareholders' equity	2,838,564	3,123,253
Share acquisition rights	60,755	44,985
Total net assets	2,899,319	3,168,239
Total liabilities and net assets	4,187,678	4,620,619

(2) Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income

Interim Consolidated Statement of Income for the Six-Month Period

(Thousands of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Net sales	2,378,760	3,008,875
Cost of sales	932,005	1,140,316
Gross profit	1,446,755	1,868,558
Selling, general and administrative expenses	873,510	1,231,598
Operating profit	573,245	636,960
Non-operating income		
Interest income	294	1,614
Foreign exchange gains	-	10,921
Received incentive	2,075	993
Other	1,614	3,021
Total non-operating income	3,984	16,552
Non-operating expenses		
Interest expenses	263	281
Foreign exchange losses	5,430	-
Other	121	57
Total non-operating expenses	5,816	338
Ordinary profit	571,413	653,174
Extraordinary income		
Gain on reversal of share acquisition rights	-	21,940
Total extraordinary income	-	21,940
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	571,413	675,114
Income taxes - current	179,401	232,811
Income taxes - deferred	10,361	(14,188)
Total income taxes	189,762	218,622
Interim profit	381,651	456,491
Interim profit attributable to owners of parent	381,651	456,491

Interim Consolidated Statement of Comprehensive Income

Interim Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Interim profit	381,651	456,491
Interim comprehensive income	381,651	456,491
Interim comprehensive income attributable to		
Interim comprehensive income attributable to owners of parent	381,651	456,491

(3) Interim Consolidated Statement of Cash Flows

(Thousands of yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Cash flows from operating activities		
Profit before income taxes	571,413	675,114
Depreciation	55,754	77,090
Amortization of goodwill	11,619	46,520
Increase (decrease) in allowance for doubtful accounts	-	(21)
Interest and dividend income	(294)	(1,615)
Interest expenses	263	281
Increase (decrease) in trade receivables and contract assets	(29,403)	(18,228)
Increase (decrease) in inventories	192	353
Increase (decrease) in trade payables	2,672	(8,890)
Increase (decrease) in provision for bonuses	(176)	9,092
Increase (decrease) in provision for retirement benefits for directors	6,906	3,160
Gain on reversal of share acquisition rights	-	(21,940)
Increase (decrease) in contract liabilities	59,881	80,475
Increase (decrease) in accounts payable - other	(71,982)	151,987
Other	(9,839)	(34,141)
Subtotal	597,006	959,239
Interest and dividend income received	294	1,615
Interest paid	(269)	(321)
Income taxes paid	(267,942)	(217,685)
Cash flows from operating activities	329,089	742,847
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(22,725)
Purchase of intangible assets	(71,054)	(98,474)
Payments for acquisition of shares of subsidiaries resulting in change in scope of consolidation	(455,725)	-
Other	10,439	(22,886)
Cash flows from investing activities	(516,339)	(144,086)
Cash flows from financing activities		
Repayments of long-term borrowings	(14,454)	(54,422)
Proceeds from issuance of shares	-	12,355
Dividends paid	(146,296)	(184,028)
Cash flows from financing activities	(160,750)	(226,095)
Effect of exchange rate changes on cash and cash equivalents	(4,086)	5,747
Net increase (decrease) in cash and cash equivalents	(352,087)	378,412
Cash and cash equivalents at beginning of period	2,227,851	2,083,187
Cash and cash equivalents at end of interim period	1,875,764	2,461,600

(4) Notes to Interim Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Changes in the Scope of Consolidation or the Scope of Application of the Equity Method)

During the current interim consolidated accounting period, Zeroichi Start Inc., which had been a consolidated subsidiary of the Group, was dissolved through an absorption-type merger with the Company as the surviving company, and was therefore excluded from the scope of consolidation.

(Segment Information, etc.)

Previous interim consolidated cumulative period (from January 1, 2025 to June 30, 2025)

1. Information related to Sales and the amount of profit or loss by reportable segment

(Thousands of yen)

	Reportable Segment				Adjustments (Note 2)	Six months ended Consolidated Profit or Loss Amount Recorded in the Statement of Income (Note 3)
	Mobile	Solutions	AI Singing Voice Synthesis (Note 1)	Total		
Net sales						
Sales to External Customers	1,362,456	986,730	29,573	2,378,760	-	2,378,760
Inter-segment Sales or Transferred Volume	-	-	-	-	-	-
Total	1,362,456	986,730	29,573	2,378,760	-	2,378,760
Segment profit	712,820	140,381	(31,993)	821,208	(247,963)	573,245

Notes: 1. Segment profit of the AI Singing Voice Synthesis segment of (31,993) thousand yen includes goodwill amortization of (11,619) thousand yen and technology-related asset amortization of (3,491) thousand yen.

2. The adjustment to segment profit or loss of (247,963) thousand yen consists of company-wide expenses not allocated to any reportable segment, mainly general and administrative expenses not attributable to reportable segments.

3. Segment profit is adjusted for Operating Profit in the interim consolidated statements of income.

2. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant Changes in the Amount of Goodwill)

During the previous interim consolidated accounting period, the Company acquired all shares of Techno-Speech, Inc., making it a wholly owned subsidiary. As a result, goodwill arose in the AI Singing Voice Synthesis segment.

The increase in goodwill resulting from this event during the previous interim consolidated accounting period was 325,352 thousand yen.

This amount of goodwill reflects a significant review of the initial allocation of acquisition cost resulting from the finalization of the provisional accounting treatment related to the business combination.

Current interim consolidated cumulative period (from January 1, 2026 to June 30, 2026)

1. Information related to Sales and the amount of profit or loss by reportable segment

(Thousands of yen)

	Reportable Segment				Adjustment (Note 3)	Six months ended Consolidated Profit or Loss Amount Recorded in the Statement of Income (Note 4)
	Mobile	Solutions (Note 1)	AI Singing Voice Synthesis (Note 2)	Total		
Net sales						
Sales to external customers	1,661,510	1,281,871	65,493	3,008,875	-	3,008,875
Inter-segment Sales or Transferred Volume	-	-	-	-	-	-
Total	1,661,510	1,281,871	65,493	3,008,875	-	3,008,875
Segment profit or loss	806,429	168,906	(39,291)	936,044	(299,083)	636,960

Notes: 1. The profit of the Solutions segment of 168,906 thousand yen includes goodwill amortization of (23,281) thousand yen.

2. The loss of the AI Singing Voice Synthesis segment of (39,291) thousand yen includes goodwill amortization of (23,239) thousand yen and technology-related asset amortization of (6,982) thousand yen.

3. The adjustment to segment profit or loss of (299,083) thousand yen consists of company-wide expenses not allocated to any reportable segment, mainly general and administrative expenses not attributable to reportable segments.

4. Segment profit is adjusted for Operating Profit in the interim consolidated statements of income.

5. Reflecting the significant review of the initial allocation of acquisition cost described in "(Business Combinations, etc.)" "(Significant Review of the Initial Allocation of Acquisition Cost in Comparative Information)," the segment information for the previous interim consolidated cumulative period has been restated to reflect this review.

(Business Combinations, etc.)

Transactions under Common Control, etc. (Absorption-type Merger of a Wholly Owned Subsidiary)

Based on a resolution of the Board of Directors meeting held on February 10, 2026, the Company implemented an absorption-type merger of Zeroichi Start Co., Ltd., a wholly owned subsidiary of the Company, effective April 1, 2026.

1. Overview of the Business Combination

(1) Name of Acquired Company and Its Business Description

Name of the Acquired Company: Zeroichi Start Co., Ltd.

Business Description: No-code low-code system development business

(2) Business Combination Date

April 1, 2026

(3) Legal Form of the Business Combination

Absorption-type merger with the Company as the surviving company and Zeroichi Start Co., Ltd. as the dissolved company

(4) Other Matters Related to the Outline of the Transaction

① Purpose of the Merger

The Company decided to merge the subsidiary in order to maximize synergies and further accelerate the structure toward the Company’s goal of becoming a system integration company, and to increase revenue by incorporating and leveraging the strengths of Zeroichi Start Co., Ltd., a wholly owned subsidiary—(1) business consulting expertise, (2) operational know-how in highly productive no-code tools, and (3) SEO (search engine optimization) know-how—into the Company’s

Solutions business.

② Details of Allotment in Relation to Merger

Since the Merger is a merger between wholly owned subsidiaries of the Company, there will be no issuance of new shares or payment to Zeroichi Start Co., Ltd.

2. Summary of Accounting to be Implemented

The transaction will be treated as a transaction under common control, in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

(Significant Review of the Initial Allocation of Acquisition Cost in Comparative Information)

With respect to the business combination with Techno-Speech, Inc. that took place on January 31, 2025 (deemed acquisition date: March 31, 2025), the Company had applied provisional accounting treatment in the previous interim consolidated accounting period, which was finalized at the end of the previous consolidated fiscal year.

Reflecting the finalization of this provisional accounting treatment, the comparative information included in the interim consolidated financial statements for the current interim consolidated accounting period reflects a significant review of the initial allocation of acquisition cost.

As a result, in the interim consolidated statement of income for the previous interim consolidated accounting period, amortization of technology-related assets increased by 3,491 thousand yen, amortization of goodwill decreased by 7,208 thousand yen, and income taxes – deferred decreased by 1,231 thousand yen. In connection with these changes, operating profit, ordinary profit, and interim profit before income taxes each increased by 3,717 thousand yen, and interim profit and interim profit attributable to owners of parent each increased by 4,949 thousand yen.

(Revenue Recognition)

Information on the disaggregation of revenue arising from contracts with customers

Previous interim consolidated cumulative period (from January 1, 2025 to June 30, 2025)

(Thousands of yen)

	Reportable Segment			Total
	Mobile	Solutions	AI Singing Voice Synthesis	
In-app advertising	709,263	-	-	709,263
Subscription	521,237	-	-	521,237
One-time Purchase App	129,063	-	-	129,063
IT Engineers Dispatch Services	-	746,288	-	746,288
Contract Development	-	240,442	5,448	245,890
VoiSona	-	-	24,124	24,124
Other	2,891	-	-	2,891
Revenue from contracts with customers	1,362,456	986,730	29,573	2,378,760
Other revenue	-	-	-	-
Sales to external customers	1,362,456	986,730	29,573	2,378,760

Current interim consolidated cumulative period (from January 1, 2026 to June 30, 2026)

(Thousands of yen)

	Reportable Segment			Total
	Mobile	Solutions	AI Singing Voice Synthesis	
In-app advertising	616,581	-	-	616,581
Subscription	874,538	-	-	874,538
One-time Purchase App	146,720	-	-	146,720
IT Engineers Dispatch Services	-	724,763	-	724,763
Contract Development	-	553,848	14,334	568,183
VoiSona	-	-	51,159	51,159
Other	23,670	3,259	-	26,929
Revenue from contracts with customers	1,661,510	1,281,871	65,493	3,008,875
Other revenue	-	-	-	-
Sales to external customers	1,661,510	1,281,871	65,493	3,008,875

(Significant Subsequent Events)

Not applicable.